

2026 ESG REPORT

Paramount resources ltd.



"Paramount is proud of its 48 year history of responsible energy development in Western Canada."



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Letter to Stakeholders

We are pleased to present our seventh annual Environmental, Social and Governance ("ESG") report.

Paramount has a proud 48 year history of responsible energy development in Western Canada. We seek to provide long-term value creation for our stakeholders by the early identification, low-cost capture and efficient and sustainable development of material and contiguous positions in resource plays in the Western Canadian Sedimentary Basin. Our approach to ESG plays a key role in the execution of our overall strategy. In this report, we highlight:

- how our Board of Directors oversees ESG matters;
- how responsibility for ESG flows from our senior leadership to dedicated teams of employees;
- how we protect the health and safety of our staff and those impacted by our business;
- how we identify and manage climate-related risks and opportunities;
- our initiatives to reduce greenhouse gas emissions;
- our approach to air quality, water management and biodiversity; and
- how we interact with, and contribute to, the communities in which we live and operate.

We have also included data tables at the end of this report to help you better understand and assess our ESG performance over the past 3 years.

Over our long history, Paramount has consistently adapted to meet the challenges we have faced. We know that our industry will continue to evolve as the world transitions to a lower carbon economy. We intend to evolve with it so that we can continue to meet the world's demand for secure sources of energy from regions with the highest standards of environmental protection and human rights.



J.H.T. Riddell
Chairman and President and Chief Executive Officer



Rodrigo R. Sousa
Executive Vice President, Corporate Development and Planning



D. Blake Reid
Executive Vice President, Operations

About Paramount

Our founder, the late Clayton Riddell, formed Paramount in 1975 and took it public in 1978. Mr. Riddell was a humble and dignified man who quietly and generously contributed to the communities where he had found so much success. Mr. Riddell played an instrumental role in bringing the Rogers Charity Classic (formerly the Shaw Charity Classic) golf tournament to Calgary, which has raised over $164 million for youth-based charities, and made charitable donations to a wide range of worthy causes through the Riddell Family Charitable Foundation and the Flames Foundation. His many business achievements and accolades included the establishment of the political management program at Carleton University, the Faculty of Environment, Earth, and Resources at the University of Manitoba and the Clay Riddell Centre for Quantum Matter at the Perimeter Institute, induction into the Canadian Business Hall of Fame and appointment as an Officer of the Order of Canada. Mr. Riddell's integrity, work ethic and entrepreneurial spirit built Paramount and continue to form the basis of our business philosophy today.

Paramount explores for and develops conventional and unconventional petroleum and natural gas in Western Canada, with our core properties being located in the Provinces of Alberta and British Columbia. Our assets include petroleum and natural gas processing facilities that handle the majority of our production as well as production from third parties. Our head office is located in Calgary, Alberta and our class A common shares are traded on the Toronto Stock Exchange (TSX: POU).



From humble beginnings Clayton Riddell (left) would rise to become an Officer of the Order of Canada.

About this Report

We are pleased to present this ESG report which provides voluntary disclosure of our ESG approach and performance. We believe this report will help our stakeholders better understand our ongoing commitment to responsible and sustainable energy development.

Our Stakeholders

We refer to our "stakeholders" throughout this report. We consider our stakeholders to include:

- our investors and capital providers
- our employees and contractors
- governments and regulators
- Indigenous and local communities where we operate
- mineral and surface rights owners
- joint venture partners
- suppliers and business partners

Our stakeholder engagement philosophy is set out in the Paramount Operations Excellence Management System ("POEMS"), our comprehensive operations management system:

POEMS Regulatory Compliance & Community Engagement (Element E-8)

> "Paramount is seen to act as a neighbour, partner, employer, and investor of choice as it delivers responsible operations, conforms to commitments, and seeks to have a positive influence on the communities in which it operates. This is achieved by complying with legal and regulatory requirements which enhances the Company's reputation by engaging stakeholders on the issues that affect them."

Materiality

This report contains the ESG information that Paramount considers most relevant to our business and to our stakeholders. In selecting the ESG topics and metrics included in this report, we have focused on matters that we believe have the potential to significantly impact our operations or financial results, are of most interest to our stakeholders or are particularly relevant to the Canadian upstream oil and gas sector.

Reporting period

Performance data presented in this report is focused on 2025. Certain results from prior years are presented to provide trending information and to highlight Paramount's progress on ESG matters. For comparability purposes, historical emissions data, including the production volumes used to calculate emissions intensities, has been updated to exclude the Karr, Wapiti and Zama properties, which were sold in January 2025.

Reporting frameworks

Paramount has referred to the reporting frameworks set out below to assist in determining the content and structure of this report and the methodologies that are utilized in it. However, this report is not fully compliant with these frameworks.

> *SASB Standards ("SASB") (Oil & Gas – Exploration & Production – Sustainable Industry Classification EM-EP – Industry Standard, Version 2023-12)*
>
> *Task Force on Climate-Related Financial Disclosure ("TCFD") recommendations*

For more information about Paramount's reporting against these reporting frameworks, see the disclosure indexes beginning on page 32.

Boundaries of Reported Performance

Consistent with industry practice, we have reported our environmental performance data based on operational control. Accordingly, we have not adjusted data to account for circumstances where third parties hold interests in our operated assets nor, conversely, to include assets where we hold ownership interests that are operated by third parties.

Definitions and Advisories

The terms "Paramount", the "Company", "we", "us", or "our" means Paramount Resources Ltd. and, where the context requires, also means our subsidiaries on a consolidated basis. Other terms are defined when they are first used in this report.

You should carefully read the cautions and qualifications that are contained in the Advisories section.

Effective Date

The effective date of this report is October 30, 2026. We undertake no obligation to update or revise this report for new information occurring after the effective date.

Our Contact for Questions

For questions about this report, please contact:

Rodrigo (Rod) Sousa
Executive Vice President, Corporate Development and Planning
403.290.3600 | rod.sousa@paramountres.com



GOVERNANCE

Governance Overview

Our Board of Directors ("Board"), leadership team and employees each play critical roles in ESG governance and oversight.



- ✓ Independent Lead Director
- ✓ All Board committees fully independent
- ✓ 3 of 10 (30%) Board members are women
- ✓ Minimum shareholding requirements for directors
- ✓ Officers and directors prohibited from hedging Paramount securities
- ✓ Loans to officers and directors prohibited
- ✓ Code of Ethics and Code of Business Conduct
- ✓ Anonymous Whistleblower Policy and portal

ESG Role of Our Board

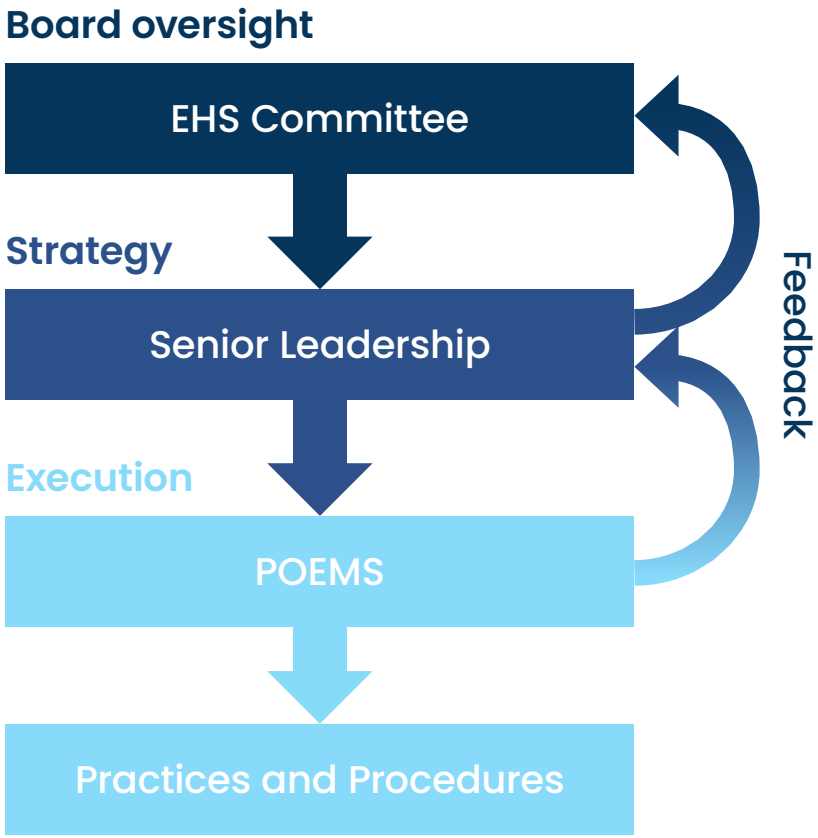
The Environmental, Health and Safety Committee of the Board ("EHS Committee") oversees our environmental policies and programs, including those pertaining to sustainability, emissions tracking, reduction and reporting, water use and environmental and climate-related risk assessment and management. The EHS Committee also oversees Paramount's approach to ESG reporting and is mandated to review any ESG report prior to issuance. The EHS Committee is comprised entirely of independent directors and meets and reports to the Board at least semi-annually.

The Corporate Governance Committee of the Board, comprised entirely of independent directors, oversees our system of corporate governance, including our approach to overall risk management, ethical business practices and Board composition. The Corporate Governance Committee meets and reports to the Board at least semi-annually.

The Audit Committee of the Board, comprised entirely of independent directors, monitors compliance with our Code of Business Conduct, Code of Ethics and Whistleblower Policy. The Audit Committee oversees the response to any complaints made under the Whistleblower Policy. The Audit Committee meets and reports to the Board at least quarterly.

You can read more about the composition and qualifications of our Board and its committees, our corporate governance structure and practices and our key corporate governance documents in our Annual Information Form and in our Annual General Meeting information circular. The written mandates of the Board and each of its committees can be viewed on our website.

Our Board oversees all aspects of our business, including ESG.



ESG Role of Our Leadership Team and Employees

James H.T. Riddell, Paramount's President and Chief Executive Officer ("CEO") and the Chairman of our Board, together with Rodrigo Sousa, Executive Vice President, Corporate Development and Planning, and Blake Reid, Executive Vice President, Operations, are directly responsible for our strategic direction with respect to ESG matters. Our CEO acts as the primary conduit for communication between the Board and the leadership team with respect to ESG matters, approves all significant ESG initiatives and leads the Company's risk assessment and management processes.

Paramount has an ESG Committee comprised of a multidisciplinary team, including members of senior leadership as well as subject matter experts from across our organization. The ESG Committee is responsible for preparing our ESG reporting, keeping abreast of ESG-related developments and trends and considering sustainability-related opportunities, risks and initiatives.

Senior members of our leadership team report to the EHS Committee of the Board with respect to ESG matters, including regulatory compliance, environmental protection, climate-related issues and environmental and safety risk assessment and management. This reporting includes updates with respect to major initiatives undertaken on ESG matters as well as progress against key performance indicators.



POEMS – Paramount Operations Excellence Management System

POEMS provides the framework under which we have developed a comprehensive operations management system. POEMS is a key part of Paramount's culture that we have built around the principle that health, safety and environmental performance not only benefits our employees, communities and other stakeholders, but also drives better business results.

The 12 elements of POEMS cover all aspects of operations, maintenance, asset integrity, health and safety and environmental stewardship:



E-1 Leadership, Accountability & Commitment



E-2 Risk Management



E-3 Occupational Safety & Environmental Stewardship



E-4 Process Safety



E-5 Training & Competency



E-6 Information Management & Document Control



E-7 Design, Construction & MOC



E-8 Regulatory Compliance & Community Engagement



E-9 Goods, Materials & Contractor/Third Party Management



E-10 Emergency Preparedness & Business Continuity



E-11 Incident Management



E-12 Operational Excellence - Assessment & Performance Review

Ethical Business Conduct

Over our 48 year history, Paramount has earned a reputation for integrity and honesty. Our Code of Business Conduct and Code of Ethics provide the framework pursuant to which we conduct our business consistent with this reputation.

Our Code of Business Conduct applies to all our directors, officers, employees and consultants and sets out our expectations concerning the ethical conduct of our business, including the avoidance of conflicts of interest, compliance with the law, respect for co-workers, the making or acceptance of gifts or payments from third parties, political and charitable contributions, interactions with public officials, community relations and the use of confidential information. You can read our Code of Business Conduct here.

Our Code of Ethics applies to our CEO, Chief Financial Officer, Controller and other financial supervisors. The Code of Ethics contains requirements relating to the avoidance of conflicts of interest, interactions with our auditors, the keeping of financial records, ensuring the accuracy of our public disclosure, the establishment and management of financial reporting systems, compliance with laws and the promotion of ethical conduct. You can read our Code of Ethics here.

Paramount also has a Whistleblower Policy that facilitates the anonymous disclosure of potential breaches of our Code of Business Conduct or Code of Ethics or other concerns relating to the ethical and legal conduct of our business. Our website contains directions outlining how anonymous reports may be made through a third-party website or confidential telephone hotline. Our Whistleblower Policy is overseen by the Audit Committee of our Board of Directors. You can read our Whistleblower Policy here.

The Audit Committee receives certificates from Paramount's officers and senior management each calendar year confirming their compliance with the Code of Business Conduct and, where applicable, the Code of Ethics. The Audit Committee reviews these certifications and reports results to the Board. In addition, each employee and consultant receives an annual communication reiterating the need for them to comply with the Code of Business Conduct and reminding them of the availability of the whistleblower processes set out in the Whistleblower Policy.

Transparency

We have publicly reported payments to governments and Indigenous communities under the *Extractive Sector Transparency Measures Act* since 2016. In 2026, we filed our third report under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*. You can view these reports on our website.



ENVIRONMENT

Identifying and Managing Climate Related Risks and Opportunities

Climate-related risks are identified through our integrated risk assessment and management processes. These include a Board reviewed risk matrix and risk assessments conducted by our leadership team and Board, the quarterly review of operating and financial results and our long-term strategic planning.

We consider short-term climate-related risks to be those with a time horizon of less than one year. Short-term risks include acute physical risks to Paramount's assets and operations, such as forest fires, flooding or drought, and risks associated with compliance with current regulatory requirements. These risks are primarily managed through specific policies and procedures implemented under POEMS and overseen by our senior management.

We consider medium-term climate-related risks to be those with a time horizon of between one and five years. This time horizon generally includes risks that have the potential to impact, or that have been factored into, our medium-term development plans and financial modelling or that are associated with potential regulatory and tax changes under consideration, or that may be reasonably anticipated to come under consideration, by applicable authorities. Medium-term climate-related risks include chronic physical risks, such as changes in precipitation patterns impacting water availability, as well as emerging regulations and policies. These risks are managed by teams of management and operating personnel, together with subject matter experts, who, under the oversight of the EHS Committee of the Board, are charged with developing strategies and policies to assess and address these risks.

We consider long-term climate-related risks to be those with a time horizon of greater than five years. This time horizon includes risks that have the potential to impact our ability to fully develop and market our resources over the anticipated lifespan of our fields and risks that are associated with shifts in consumption patterns, investment practices and public perception. Long-term climate-related risks include market-related and reputational risks that are strategic risks which are identified and assessed by our Board in conjunction with senior management, including through an annual consideration of climate-related risks in compliance with *CSA Staff Notice 51-358 – Reporting of Climate Change-related Risks* and in connection with the release of our Annual Information Form.

Climate-related opportunities are identified on both an operational and strategic level. Operational opportunities, such as emission reduction projects and improvements to efficiency, are primarily identified by responsible operational personnel, including the ESG Committee. Strategic opportunities, such as those associated with the potential of natural gas and liquefied natural gas to act as an energy alternative, are considered by our senior management and Board as part of our overall strategic planning processes.

We have replaced over 270 pneumatic chemical pumps with solar powered pumps since 2022 to reduce our methane emissions.



Climate Related Risks and Opportunities

Set out below are the most significant climate-related risks that we have identified and our primary strategies for responding to them. You can read more about these and other risks in our Annual Information Form.

RISKS:	RESPONSE:
Acute Physical – Extreme weather events, including forest fires and flooding, pose a physical risk to our assets and operations and those of third-party processors and transporters upon which we rely. Wells, facilities and pipelines may be susceptible to damage, loss or prolonged service interruptions due to extreme weather events.	• Operational policies and procedures under POEMS to reduce risk through work practices and well, pipeline and facility design • Insurance coverage for certain risks
Chronic Physical – We require reliable sources of water for our drilling and completion operations. Changes in precipitation patterns in the areas in which we operate may impact the availability of water sources.	• Water management strategies developed by our water management department, including the timing of fresh water withdrawals and storage opportunities • Incorporating water recycling and storage facilities into the designs of our new processing facilities at Willesden Green and Sinclair, significantly reducing our reliance on fresh water withdrawals
Regulation and Policy – Federal and provincial laws and regulations respecting emissions, carbon pricing and carbon credits continue to evolve and there is a risk that additional laws and regulations could be implemented in the future that would have a substantial impact on Paramount.	• Employing an internal price on carbon in our planning based on anticipated levies • Emissions reduction initiatives

RISKS:	RESPONSE:
Market – Global efforts to reduce GHG emissions may reduce the demand for our products and adversely impact the prices received by producers like Paramount.	• Seeking to expand access to markets for our natural gas as an alternative fuel
Reputation – A negative perception of the oil and natural gas industry due to climate change could reduce public support for major infrastructure projects such as pipelines and liquefied natural gas export facilities, make it more difficult for Paramount to attract employees and investors or to obtain credit or insurance and influence governments to implement restrictive measures.	• Participation in industry groups that promote an enhanced public understanding of the Canadian energy industry • ESG reporting and stakeholder engagement • Continue to develop our resources responsibly and sustainably

Set out below are some of the climate-related opportunities we have identified and are pursuing.

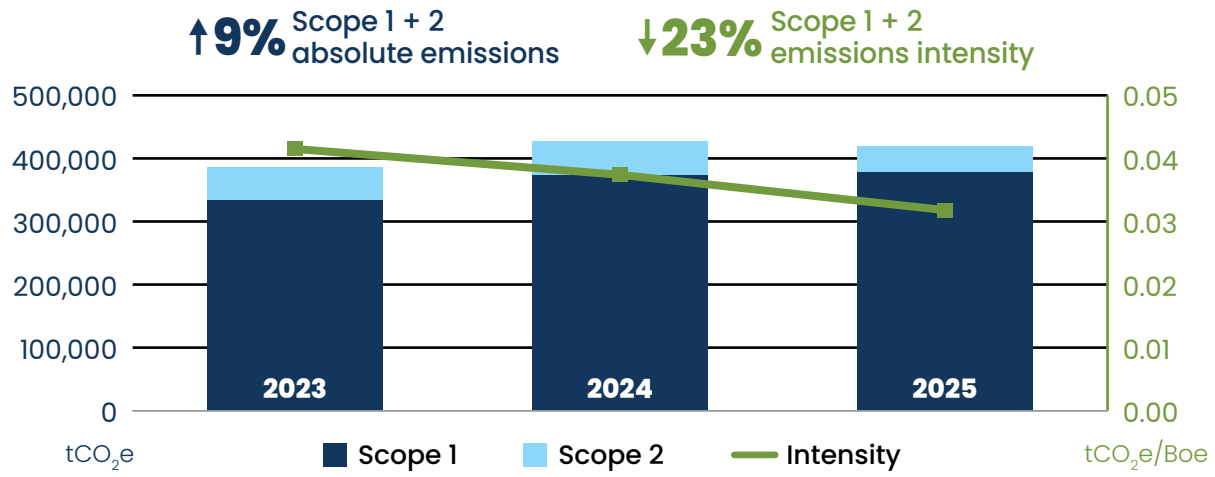
PRIMARY DRIVER AND TIME HORIZON:	OPPORTUNITY:
Use of lower-emission sources of energy (short term)	We have been equipping new drilling locations with natural gas infrastructure to supply fuel to power bi-fuel capable drilling rigs as well as bi-fuel equipment used in our completions operations.
Use of lower-emission sources of energy (short term)	We have been replacing pneumatic chemical pumps with solar powered pumps to reduce our methane emissions. Since 2022, we have replaced over 270 pumps.
Reduced water usage and consumption (short term)	We have constructed a water recycling facility at our Alhambra Plant and will build another at our Sinclair Plant which is currently under construction. Recycling and reusing produced water in our completions operations will significantly reduce fresh water withdrawals.

GHG Emissions

Paramount is working to reduce its GHG emissions.

New well pads are being equipped with instrument air packages, eliminating the venting of methane for routine operation. We are equipping new drilling locations with natural gas infrastructure to supply fuel to power bi-fuel capable drilling rigs as well as bi-fuel equipment used in our completions operations. Cleaner burning natural gas has replaced a significant amount of the diesel that would have been used to drill and complete each well at our properties in recent years.

For our 2025 GHG emissions reporting we engaged an independent and accredited third-party evaluator to verify both our Scope 1 and Scope 2 GHG emissions to a limited level of assurance in accordance with the requirements of ISO 14064-3.



For comparability purposes, historical emissions data, including the production volumes used to calculate emissions intensities, has been updated to exclude the Karr, Wapiti and Zama properties, which were sold in January 2025.

SCOPE 1 & 2 EMISSIONS

Scope 1 emissions are direct emissions from company owned and controlled resources. These are divided into four categories:

- Stationary combustion
- Mobile emissions
- Fugitive emissions
- Process emissions

Scope 2 emissions are indirect emissions from the generation of purchased electricity.

Methane Emissions and Air Quality

Methane is a potent greenhouse gas and we are taking measures to reduce venting and fugitive emissions, the primary sources of methane emissions.

We have implemented a Fugitive Emissions Management Plan designed to systematically detect and mitigate fugitive emissions. In 2025, we utilized independent third-party service providers and in-house resources to conduct a methane leak, detection and repair and fugitive emission survey and screening program covering all required equipment within our operated asset base. Combined, this led to the detection, quantification and repair of 218 leaks and the conservation of approximately 10,700 Mcf per year or 29 Mcf per day of natural gas, the equivalent of a 5,750 tCO_2e annual reduction in GHG emissions.

Following a successful pneumatic chemical pump replacement pilot project in 2022, which involved the replacement of 26 pumps, we expanded the project to replace additional pumps across our asset base to reduce vented methane emissions. In total we have replaced over 270 pumps.

Air quality can be affected by upstream oil and gas operations through the release of nitrogen oxide ("NO_x") during combustion in gas engines, the creation of sulfur dioxide ("SO_2") when hydrogen sulphide ("H_2S") is combusted, the release of volatile organic compounds ("VOCs") during venting and the release of particulate matter from the incomplete combustion of hydrocarbons.

We endeavour to limit our impact on air quality by implementing facility changes to reduce NO_x and SO_2 emissions from rotating equipment, reducing venting and flaring from our operations and locating, identifying and repairing vented leaks from our assets. We monitor and audit our fuel, flare and vent activities through our Enhanced Production Audit Program.

Water Management

Optimizing water withdrawals and storage reduces the environmental footprint of our drilling and completion operations.

Our dedicated water management team is responsible for developing environmentally sustainable short-term water management plans and long-term strategies. This includes identifying water sources and opportunities for reducing usage, the construction of water recycling facilities, acquiring necessary regulatory approvals, determining storage requirements, organizing and overseeing transportation and logistics and interacting with stakeholders. Water usage data is tracked and reported to the EHS Committee of the Board.

As a Canadian energy company, Paramount is subject to stringent regulatory requirements respecting water usage and conservation. In addition to meeting or exceeding these regulatory requirements, as a member of formal operators' groups in our key areas, we collaborate with our peers to ensure we consider industry best practices and meet or exceed industry standards.



We have recently brought onstream a water recycling system at our new Alhambra natural gas processing plant. This system diverts produced water that would otherwise be disposed of in underground formations and into a treatment process that makes it suitable for use in well completions, reducing fresh water use. We are also building a water recycling system at our Sinclair Plant which is currently under construction.

Surface and Groundwater

Prior to drilling into formations containing hydrocarbons, we install a protective barrier in our wells called surface casing. This barrier is cemented into place and extends from the surface to depths of 700 metres or more and acts as a protective shield to preserve water aquifers and soil from contamination.

Surface and groundwater at or under our processing facilities is safeguarded from contamination in accordance with provincial regulations. Rain runoff water is collected into on-site ponds at each plant and is tested for quality before being re-released into the environment.

Paramount's operations are designed to prevent the discharge of flowback, produced or otherwise contaminated water into the environment.

Water recycling will substantially reduce fresh water use at Paramount's largest developments.



Biodiversity

Protection of the natural environment and biodiversity in the areas in which we operate begins in the planning stages of any potential development. Considerations include the presence of at-risk species in or near the development area, aquatic receptors and potential air emissions. Our primary focus is to avoid impacts to sensitive areas and species, including through vegetation and invasive plant management, wildlife sweeps, mitigation measures to avoid unnecessary disturbance to nests and other habitats and the implementation of erosion and sediment control.

Wellsites and roads are selected to minimize the disturbance to the environment, work with the natural topography, address stakeholder concerns and utilize existing infrastructure. Paramount has participated in studies with the Northern Alberta Institute of Technology Centre for Boreal Research which has led to improved construction design of our wellsites and roads, resulting in lower environmental impact over the full lifecycle of our assets.

Preventing and limiting spills from our wells, facilities and pipelines is one of the most important factors in protecting the environment and local biodiversity. We have adopted spill management and control practices that apply to all employees, contractors and other personnel on our worksites. The purpose of these practices is to reduce both the number and the potential impacts of spills through the implementation of measures relating to spill prevention, spill reporting, timely response and long-term management.



Asset Retirement and Reclamation

Canadian energy companies have a responsibility to manage their assets throughout their full lifecycle. This includes the proper decommissioning of wells, pipelines and facilities and the remediation and reclamation of associated lands to return them to their natural state. These activities are closely regulated and are undertaken daily by thousands of dedicated Canadians throughout the energy industry.

Over the last five years, Paramount has settled over $190 million in asset retirement obligations.

	2025	2024	2023	2022	2021	2021-2025 Total
Wells Decommissioned	26	44	82	74	156	382
Reclamation Certificates Received	61	119	113	94	107	494
Est. Land Area Reclaimed (hectares)	134	254	300	182	220	1,090





SOCIAL

Health and Safety

POEMS is our comprehensive operations management system and contains specific policies and procedures to address health and safety matters associated with our operations. In addition to industry and company-specific safe work practices, our health and safety management system covers a wide range of topics including risk assessment and hazard identification, training and competence, incident reporting and investigation, emergency preparedness and response and continuous improvement. This management system, together with our written Health, Safety and Environment Policy, emphasizes the Company's responsibility to make health and safety protection a consistent component of our decision-making processes and requires strict adherence by management, employees, contractors, consultants and other parties performing work on behalf of Paramount.

Our HSE Steering Committee, comprised of Paramount operations personnel and reporting to the Executive Vice President of Operations, has been established with the aim of ensuring the proper functioning of our management system and to seek continuous improvement on health and safety matters.

You can read more about health and safety policies and procedures in our Annual Information Form.

	2025	2024	2023
Executive and Management Site/Field Visits	695	697	854
Total Worksite Inspections	2,878	2,128	2,897
Hazard Identifications	1,771	1,901	1,533
Safe Worker Observations	940	861	767
Emergency Response Drills/Exercises	64	60	64

We are committed to the prevention of incidents in all phases of our operations that could cause harm to people or property or have an adverse impact on the environment.



Community Relations

Being a respected partner and contributor to the communities where we operate and where our employees live and work is critical to our success. We work together with communities and stakeholders through participation in local operator and community groups, open houses and individual stakeholder meetings and discussions. We maintain stakeholder engagement plans for our core areas that are regularly updated to address stakeholder concerns as our operations evolve. We register significant stakeholder concerns and track them through their lifecycle until resolution. No community disputes were experienced in the last three fiscal years that disrupted or delayed any of our operations.

In addition to contributing to the communities where we operate by providing employment, utilizing local services and paying taxes, Paramount directly supports community not-for-profit organizations and events through donations and sponsorships.



Executive Vice President of Operations Blake Reid presents the latest installment in a $300,000 five-year donation commitment to the Rocky Health Foundation.

Donations

In 2025, over $700K was donated to various charities and organizations by Paramount and its employees. These donations included corporate donations to charities and not-for-profit organizations, local donations directly to the communities where we work and operate and donations made through our employee matching program.

Days of Caring

Through our Days of Caring Program, our employees are venturing out of the office to help organizations in our communities deliver food to vulnerable citizens, expand green spaces and assist at local schools.

Events and Engagement

In 2025, we held open houses near our Alhambra processing facility in Willesden Green and our Sinclair processing facility, encouraging nearby residents to learn about our plans and to get to know some of the key people involved in the projects.

Indigenous Relations

With the exception of a single producing well, none of Paramount's lands that have net proved reserves attributed to them are located either on First Nations reserve or on Métis Settlement lands. However, the areas of Alberta and British Columbia where Paramount has active production operations are located on the traditional territories of certain First Nations groups (as recognized under Treaty 6, 7 or 8) or on lands where Métis communities have asserted Métis harvesting rights and Section 35 rights. Paramount proactively engages and consults with these groups in accordance with applicable legislation, regulations and policies. These communities often have their own policies regarding consultation and engagement that we also strive to respect. This engagement and consultation not only increases our understanding of the current and historical use of affected lands by these communities, but often leads to mutually beneficial collaboration on development and asset retirement and reclamation activities. These same principles apply in the Northwest Territories and the Yukon where Paramount has inactive assets that lie either within settled land claim areas or traditional territories of certain Indigenous groups.

Human Rights and Labour Rights

All of Paramount's assets and operations are located in Western Canada. Canada is a jurisdiction free from risk of armed conflict and subject to comprehensive laws protecting labour and employment rights and guarding against abuse of human rights. The Code of Business Conduct expressly states our commitment to respecting and protecting human rights and requires Paramount and all of its personnel to comply with all applicable laws pertaining to human rights, labour rights, freedom of association, collective bargaining and working hours. This includes all applicable laws designed to identify and address the risk of child labour, forced labour, human trafficking and modern slavery in our supply chain, including the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

Our Respectful Workplace Policy sets out our commitment to providing a work environment where all employees and contractors can function with mutual respect, and without fear of harassment or threatening or violent behavior. This includes a prohibition on any conduct or comment which detrimentally affects the work environment or leads to adverse job-related consequences for another individual and is related to age, race, gender, gender identity, gender expression, religious beliefs, ancestry, place of origin, colour, physical or mental disability, marital status, source of income, family status or sexual orientation. This prohibition on discrimination is enforced by means of a formal complaint resolution process and a provision for disciplinary action for violation up to and including termination for cause.



ESG PERFORMANCE TABLES

ENVIRONMENT		2025	2024	2023
GREENHOUSE GAS EMISSIONS[1]				
Greenhouse gas emissions, direct (scope 1)	tCO_2e	377,680	373,693	333,048
Methane emissions (CH_4) as percentage of total scope 1 emissions	%	26%	30%	32%
Greenhouse gas emissions, indirect (scope 2)	tCO_2e	41,875	52,798	53,001
Intensity of greenhouse gas emissions, direct (scope 1)	tCO_2e/Boe	0.0286	0.0328	0.0358
Intensity of greenhouse gas emissions, indirect (scope 2)	tCO_2e/Boe	0.0032	0.0046	0.0057
Direct Emissions by Activity				
Process emissions (fuel combustion)	tCO_2e	259,051	254,373	212,861
Flared	tCO_2e	45,400	28,453	30,198
Vented	tCO_2e	66,515	79,115	83,429
Fugitives	tCO_2e	6,715	11,752	6,560
AIR QUALITY [1]				
Nitrogen oxides (NO_x) – excludes N_2O	tNO_x	2,561	3,013	2,651
Sulphur dioxide (SO_2)	tSO_2	272	240	222
Volatile Organic Compounds (VOCs)	tVOCs	676	811	778
Particulate Matter (PM_{10})	tPM_{10}	88	65	60
WATER MANAGEMENT				
Fresh water withdrawal	Thousand m3	2,826	2,466	2,574
% in regions with high or extremely high baseline water stress	%	0%	23%	11%
Fresh water consumed	Thousand m3	2,116	2,466	2,574
% in regions with high or extremely high baseline water stress	%	0%	23%	11%
Produced water flowback	Thousand m3	1,414	3,478	3,134
Discharged	%	0%	0%	0%
Injected	%	99%	100%	100%
Recycled	%	1%	0%	0%
Hydrocarbon content in discharged water	Tonnes	0	0	0
Percentage of hydraulically fractured wells with public disclosure of all fracturing fluid chemicals used	%	100%	100%	100%

(1) For comparability purposes, historical emissions data, including the production volumes used to calculate emissions intensities, has been updated to exclude the Karr, Wapiti and Zama properties, which were sold in January 2025. No other data has been updated to account for the sale of Karr, Wapiti and Zama.

ENVIRONMENT CONT...		2025	2024	2023
BIODIVERSITY IMPACTS				
Releases – number of regulatory reportable spills	#	13	9	10
Releases – volume of regulatory reportable spills	Bbl	1,307	199	379
Volume of spills in the Arctic	Bbl	0	0	0
Volume of spills impacting sensitive shorelines	Bbl	0	0	0
Percentage of net proved reserves located in sites either with protected conservation status or in areas of endangered species habitat	%	5.61%	1.20%	1.81%
Percentage of net probable reserves located in sites either with protected conservation status or in areas of endangered species habitat	%	2.79%	0.89%	1.29%
RECLAMATION				
Wells decommissioned	#	26	44	82
Well reclamation certificates received	#	61	119	113
Decommissioning expenditures	$MM	$39.0	$38.1	$54.6
SOCIAL				
OUR PEOPLE				
Employees – full-time	#	410	457	449
Employees – part-time	#	5	9	6
Contractors	#	56	84	74
Total staff	#	471	550	529
Voluntary turnover	%	5%	7%	6%
Percent of total employees covered by collective bargaining agreements	%	0%	0%	0%
DIVERSITY				
Women in the workforce	%	29%	31%	33%
Women in supervisory and professional positions	%	34%	37%	38%
Women in Management and Executive Team	%	19%	21%	21%
Women on Board of Directors	%	33%	38%	38%
WORKFORCE AGE CATEGORIES				
30 and Under	%	8%	9%	8%
31-50	%	50%	49%	51%
Over 50	%	42%	42%	41%

SOCIAL CONT...		2025	2024	2023
WORKFORCE DEVELOPMENT				
Training and education	$000s	$544	$362	$309
Training and education per employee	$/employee	$1,311	$778	$680
SECURITY, HUMAN RIGHTS & RIGHTS OF INDIGENOUS PEOPLES				
% of proved and probable reserves in or near areas of conflict	%	0%	0%	0%
% of proved and probable reserves in or near areas of Indigenous land	%	0.011%	0.009%	0.014%
HEALTH AND SAFETY				
Total recordable incident rate (TRIR) – employees	cases per 200,000 work hours	0.90	0.65	1.94
Total recordable incident rate (TRIR) – contract employees	cases per 200,000 work hours	0.93	0.67	1.46
Fatality rate – employees	cases per 200,000 work hours	0.00	0.00	0.00
Fatality rate – contract employees	cases per 200,000 work hours	0.00	0.00	0.00
Health and safety training – employees	hours	5,844	8,609	7,686
Health and safety training – employees	hours/# employees	14.3	18.8	17.1
CRITICAL INCIDENT RISK MANAGEMENT				
Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Tier 1 PSE Count per 200,000 work hours	0.18	0.20	0.32
COMMUNITIES				
Employees – wages and benefits	$MM	$76.7	$79.2	$77.6
Land owners – rentals and royalties	$MM	$2.1	$1.8	$2.0
Governments – royalties, taxes, levies	$MM	$212.0	$275.2	$365.7
Shareholders – value of share repurchases, dividends and distributions	$MM	$2,405.2	$270.5	$355.4
Number and duration of non-technical delays	#	0	0	0

GOVERNANCE		2025	2024	2023
Insider ownership	%	47%	46%	46%
Independent Board of Directors	%	67%	75%	75%
Independent Lead Director		✓	✓	✓
Fully independent Audit, Compensation, Corporate Governance, Environmental Health and Safety and Reserves Committees		✓	✓	✓
Minimum shareholding requirements for directors		✓	✓	✓
Officers and directors prohibited from hedging Paramount securities		✓	✓	✓
Loans to officers and directors prohibited		✓	✓	✓
Code of Ethics and Code of Business Conduct		✓	✓	✓
Anonymous Whistleblower Policy and portal		✓	✓	✓
BUSINESS ETHICS & TRANSPARENCY				
Proved reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	%	0%	0%	0%
Probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	%	0%	0%	0%
ECONOMIC				
Petroleum and Natural Gas Sales	$MM	$736.4	$1,760.2	$1,798.5
Royalties	$MM	$51.0	$222.8	$254.3
Operating and Transportation expenditures	$MM	$248.7	$609.5	$588.2
Capital expenditures and land and property acquisitions	$MM	$876.1	$856.5	$811.3
General and administrative expenses	$MM	$52.3	$48.2	$49.4
ACTIVITY METRICS - SALES VOLUMES				
Natural Gas	MMcf/d	131.9	306.8	315.1
Condensate and oil	Bbl/d	16,402	40,432	37,657
Other NGLs	Bbl/d	3,853	6,920	6,226
Total	Boe/d	42,238	98,490	96,393

SASB Content Index

ACCOUNTING METRIC	CODE	PAGE REFERENCE
Gross global Scope 1 emissions, percentage methane, percentage covered under emissions-limiting regulations	EM-EP-110a.1	17, 28
GHG Equivalent air emissions of the following pollutants: NO_x (excluding N_2O), SO_x, volatile organic compounds (VOCs), and particulate matter (PM_{10})	EM-EP-110a.2	28
Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-EP-110a.3	13-17, 28
Air emissions of the following pollutants: NO_x (excluding N_2O), SO_x, volatile organic compounds (VOCs), and particulate matter (PM_{10})	EM-EP-120a.1	28
Total fresh water withdrawn, total fresh water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	EM-EP-140a.1	28
Volume of produced water and flowback generated; percentage discharged, injected, recycled; hydrocarbon content in discharged water	EM-EP-140a.2	28
Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	EM-EP-140a.3	28
Description of environmental management policies and practices for active sites	EM-EP-160a.1	10, 21
Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	EM-EP-160a.2	29
Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	EM-EP-160a.3	29
Percentage of proved and probable reserves in or near areas of conflict	EM-EP-210a.1	30
Percentage of proved and probable reserves in or near indigenous land	EM-EP-210a.2	30
Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	EM-EP-210a.3	26
Discussion of process to manage risks and opportunities associated with community rights and interests	EM-EP-210b.1	25-26
Number and duration of non-technical delays	EM-EP-210b.2	30
Total recordable incident rate (TRIR), fatality rate, near miss frequency rate (NMFR), and average hours of health, safety, and emergency response training for full-time employees, contract employees, and short-service employees	EM-EP-320a.1	30
Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	EM-EP-320a.2	24
Percentage of proved and probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	EM-EP-510a.1	31
Description of the management system for prevention of corruption and bribery throughout the value chain	EM-EP-510a.2	10-11
Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	EM-EP-530a.1	13-16
Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	EM-EP-540a.1	30
Description of management systems used to identify and mitigate catastrophic and tail-end risks	EM-EP-540a.2	10, 24
Production of: oil, natural gas, synthetic oil, and synthetic gas	EM-EP-000.A	31

TCFD Content Index

CATEGORY	DISCLOSURE	PAGE REFERENCE
Governance (a)	Board oversight	8
Governance (b)	Management's role	9
Strategy (a)	Identification of climate-related risks and opportunities	13-16
Strategy (b)	Impact of climate-related risks and opportunities	15-16
Risk Management (a)	Risk identification and assessment process	13
Risk Management (b)	Risk management process	8, 9
Risk Management (c)	Risk integration	8-10
Metrics and Targets (a)	Metrics	27-31
Metrics and Targets (b)	GHG emissions	17, 28

Advisories

This report is intended to voluntarily provide certain information that we have determined might be of interest to our stakeholders. This report should be read in conjunction with the disclosure contained in the filings we have made under Canadian securities laws, including our press releases, annual and interim financial statements and management's discussion and analysis, Annual Information Form and Annual General Meeting information circular. Nothing in this report should be read as in any way qualifying, amending, modifying or superseding any of the disclosure contained in the filings we have made under Canadian securities laws. In addition, the inclusion of any information in this report should not be construed as an indication that we consider this information to be material or required to be disclosed for the purposes of Canadian securities laws. We may change the information we determine to provide in future ESG reports without prior notice. This report does not provide investment advice and readers are responsible for making their own financial and investment decisions.

There is no single standard system that applies across companies for compiling and calculating GHG emissions and other ESG metrics attributable to our operations. Accordingly, such information may not be comparable with similar information reported by other companies. We may change our policies for compiling and calculating GHG emissions and other ESG metrics in the future without prior notice and without restating prior periods. The compilation and calculation of GHG emissions often involves the making of certain estimates and assumptions that may change over time and any such changes may result in significant changes to reported emissions.

We use the term "Boe" in this report, which means a barrel of oil equivalent derived using the ratio of six thousand cubic feet of natural gas to one barrel of oil when converting natural gas to Boe. Equivalency measures may be misleading, particularly if used in isolation. A conversion ratio of six thousand cubic feet of natural gas to one barrel of oil is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head. For the nine months ended September 30, 2026, the value ratio between crude oil and natural gas was approximately 66:1. This value ratio is significantly different from the energy equivalency ratio of 6:1. Using a 6:1 ratio would be misleading as an indication of value.



For questions about this report, please contact:

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